

Dollar stable after mixed US job report
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By Elizabeth Zachariah

The dollar held steady against the euro yesterday after a mixed US labour report showing robust job growth but a steep fall in unemployment due to a shrinking work force.

The dollar briefly spiked higher immediately after the Labour Department released its April data.

The US economy added 288,000 jobs, the highest pace of growth in more than two years and well above expectations.

The unemployment rate plunged to 6.3% from 6.7% in March, the lowest level since September 2008.

But the cause was a sharp fall in the size of the active labor force rather than new hiring.

"Steep declines in the unemployment rate and underemployment rate are only considered positive developments if it is due to quality job gains, not an exodus from the labour force," said Jay Morelock of FTN Financial.

As investors digested the mixed data, the dollar fell back to close to where it started, finishing the day at US\$1.3869 (RM4.52920)

US bond yields fell, making the dollar a more attractive funding currency, said Kathy Lien of BK Asset Management.

"All of this has investors thinking that if the dollar can't rise after the increase in payrolls, nothing will be able to drive it higher in the near term," she said. – AFP, May 3, 2014.

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